

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE FEE APPLICATION OF
DAY PITNEY LLP FOR THE TWENTY-SIXTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Day Pitney LLP for the Twenty-Sixth Interim Period (the "Application").

BACKGROUND

1. Day Pitney LLP ("Day Pitney") was retained as special counsel to the Debtors. In the Application, Day Pitney seeks approval of fees totaling \$86,255.50 and expenses totaling \$2,976.44 for its services from July 1, 2007 through September 30, 2007.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2006, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States

District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Day Pitney, and received a response from Day Pitney, portions of which response are quoted herein.

DISCUSSION

3. In our initial report, we noted the following time entry which appeared to include non-working travel time:

06/26/07	Travel to Wappinger Falls regarding Court appearance for Petition for Recovery of Real Property; Numerous telephone conferences with J. Matusiak regarding same; Numerous telephone conferences with V. Finkelstein regarding same.		
J. Borg		4.6	1,633.00

Pursuant to Local Rule 2016-2(d)(viii): "Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates." Thus, we asked Day Pitney to delineate that portion of the time entry attributable to non-working travel, and advise whether the required 50% discount was applied to this time. Day Pitney responded as follows:

6/26/07 J. Borg – travel to Wappinger Falls regarding Court Appearance for Petition for Recovery of Real Property – 2 hours – to be charged at 50% of regular rate.

J. Borg – Numerous telephone conferences with J. Matusiak regarding Court Appearance for Petition for Recovery of Real Property; numerous telephone conferences with V. Finkelstein regarding same – 2.6 hours.

Therefore, the charge for J. Borg on 6/26/07 should be \$1,278.00 (a reduction of \$355).


We appreciate Day Pitney's response and recommend a reduction of \$355.00 in fees.

CONCLUSION

In summary, we recommend approval of \$85,900.50 in fees (\$86,255.50 minus \$355.00) and \$2,976.44 in expenses for Day Pitney's services from July 1, 2007 through September 30, 2007.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

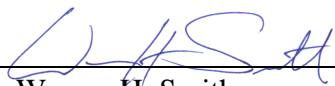
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 20th day of February, 2008.


Warren H. Smith

SERVICE LIST

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